

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

---

# Shaping the transformation together.

**5-Year Planning Round: Delivering Strategy Together 2025**

## Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

## 5-Year Planning Round: Groundwork to Deliver Strategy Together 2025



**Frank Witter**

Member of the Board of  
Management, Volkswagen AG  
Finance and Controlling



**Dr. Christian Dahlheim**

Director Group Sales  
Volkswagen AG



**Oliver Larkin**

Head of Group Investor Relations  
Volkswagen AG

# Setting the Stage PR 67



**Economics**



- Trade-terms turmoil
- Currency volatility

**Emissions & Testing**



- CO2 challenge & risk of penalties
- Resources
- WLTP, RDE ...

**E-Mobility**



- Launch target
- Margin pressure
- Battery cell supply
- Infrastructure

**Powertrain**



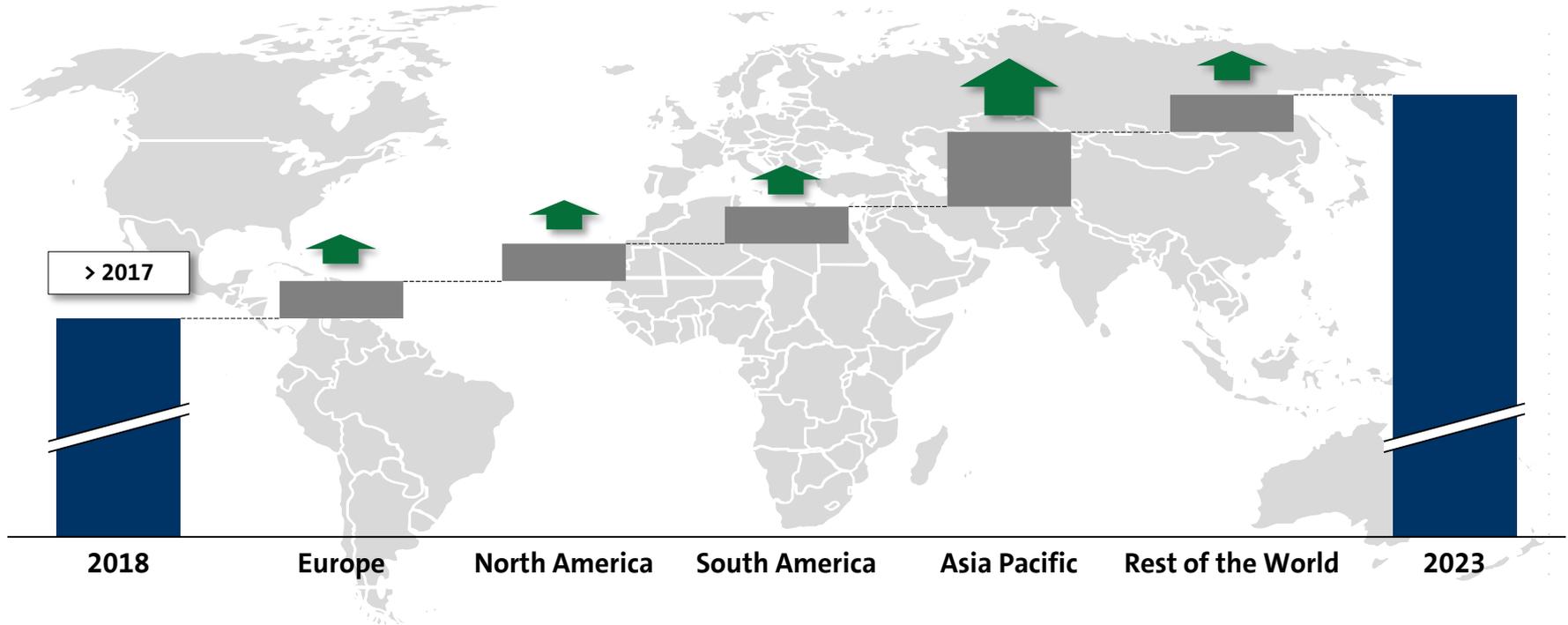
- Diesel demand
- Cost impacts
- Mix issues

**Digitalization**

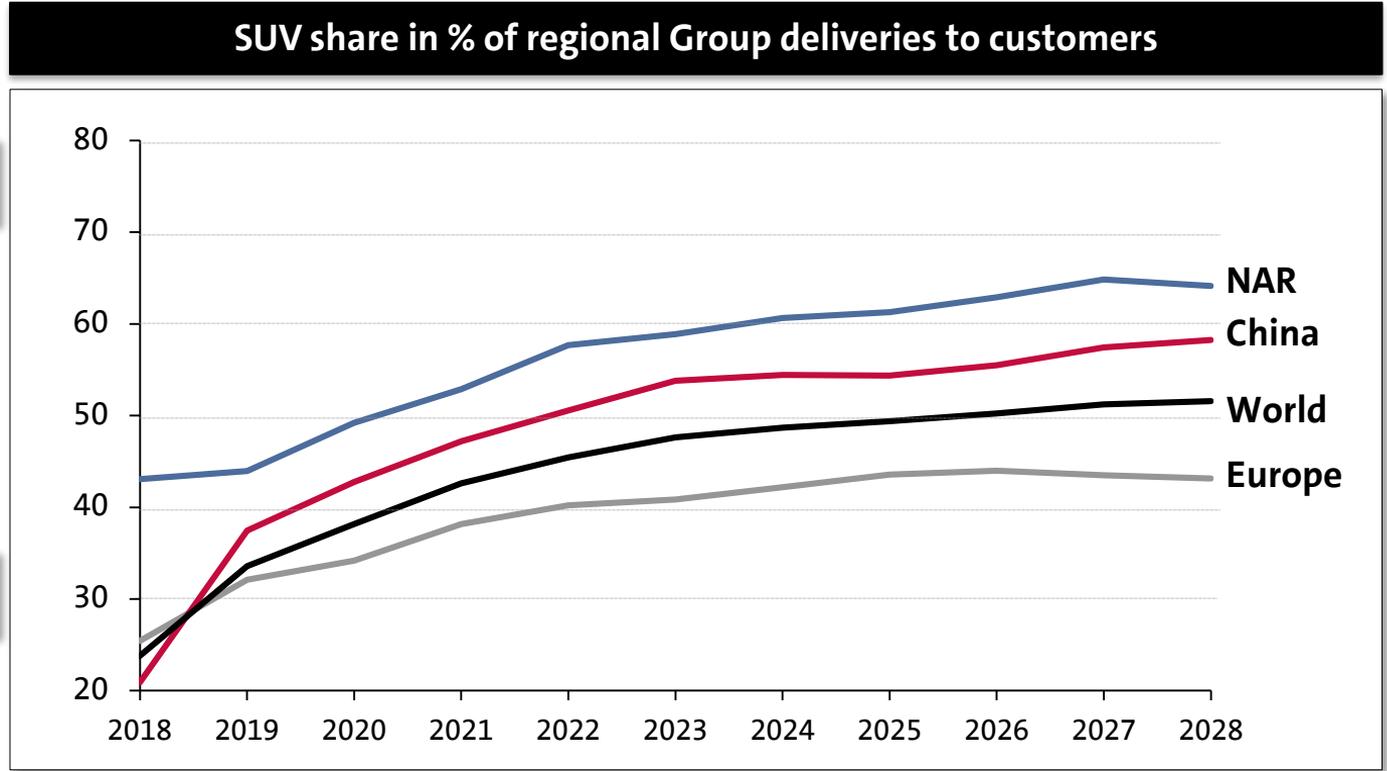


- Connectivity & autonomous
- Resources & cost
- Agility

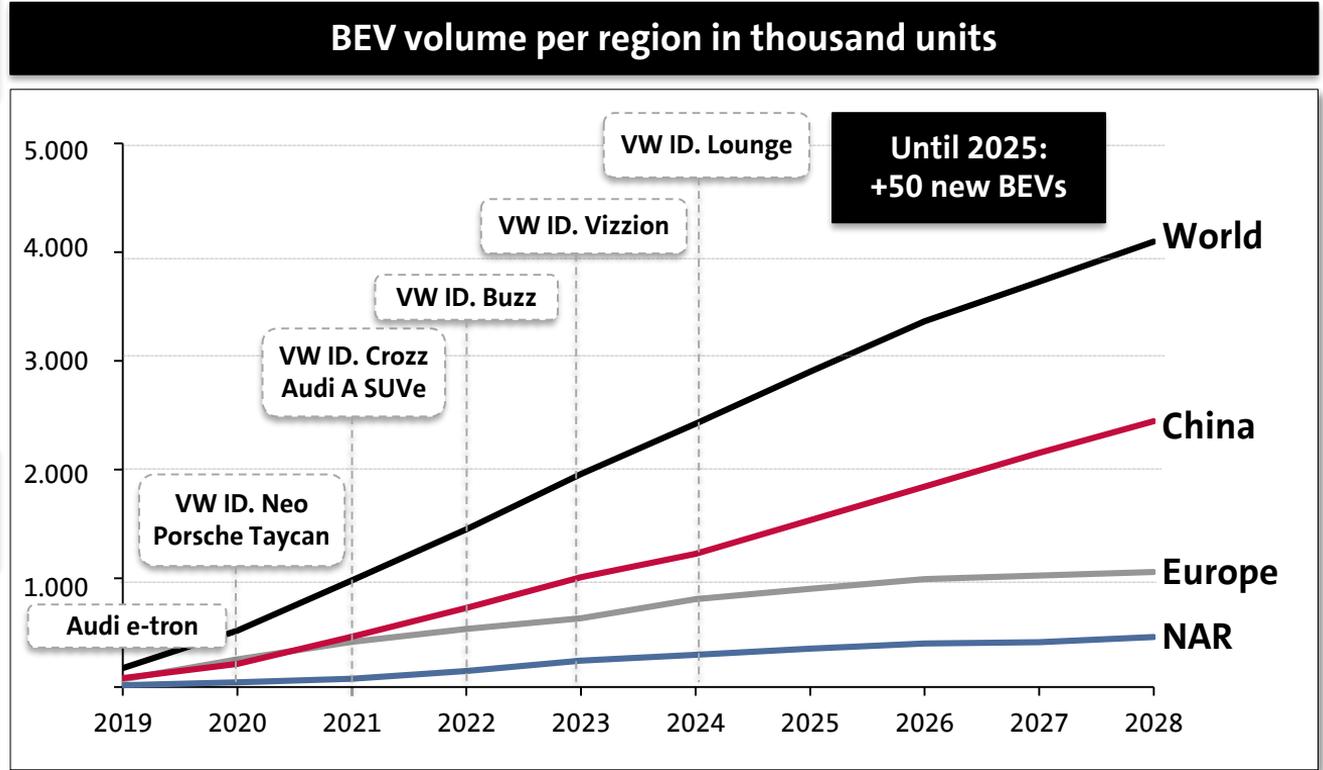
# Development Volkswagen Group Deliveries to Customers



## Strong increase in our Worldwide SUV Mix



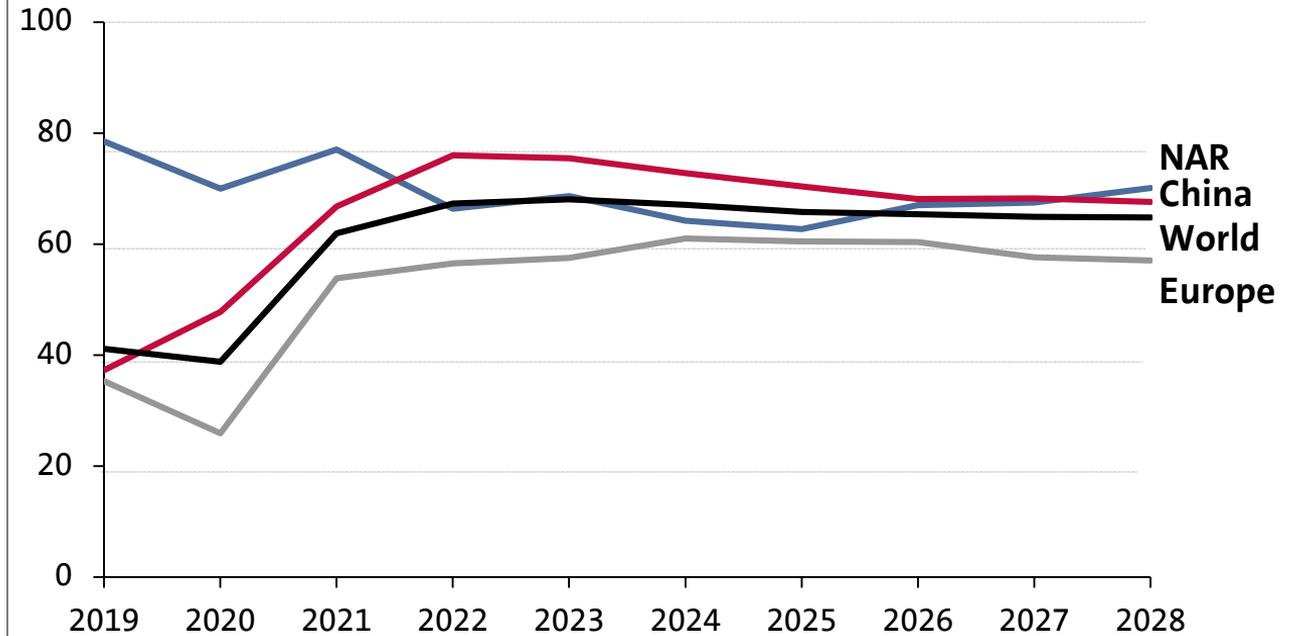
# Strong Electrification of Product Portfolio



## BEV Growth mainly driven by SUV Models

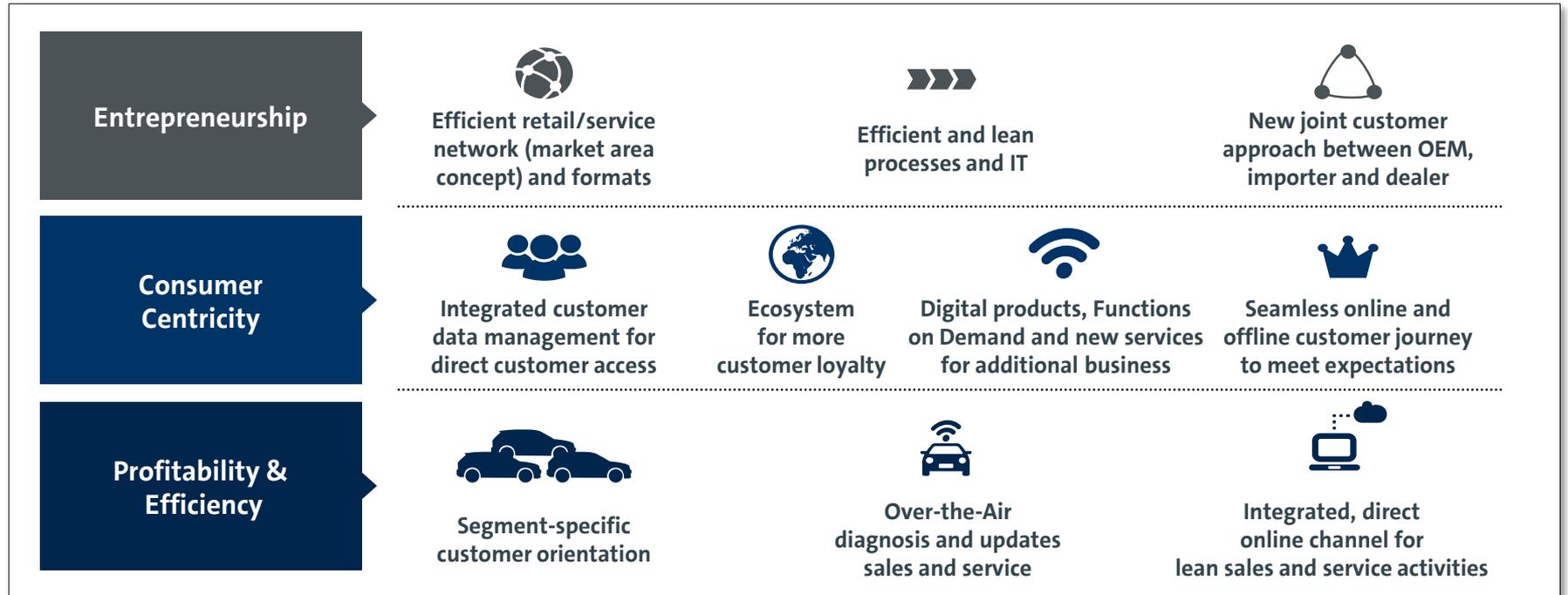


SUV share in % of regional BEV Group deliveries to customers

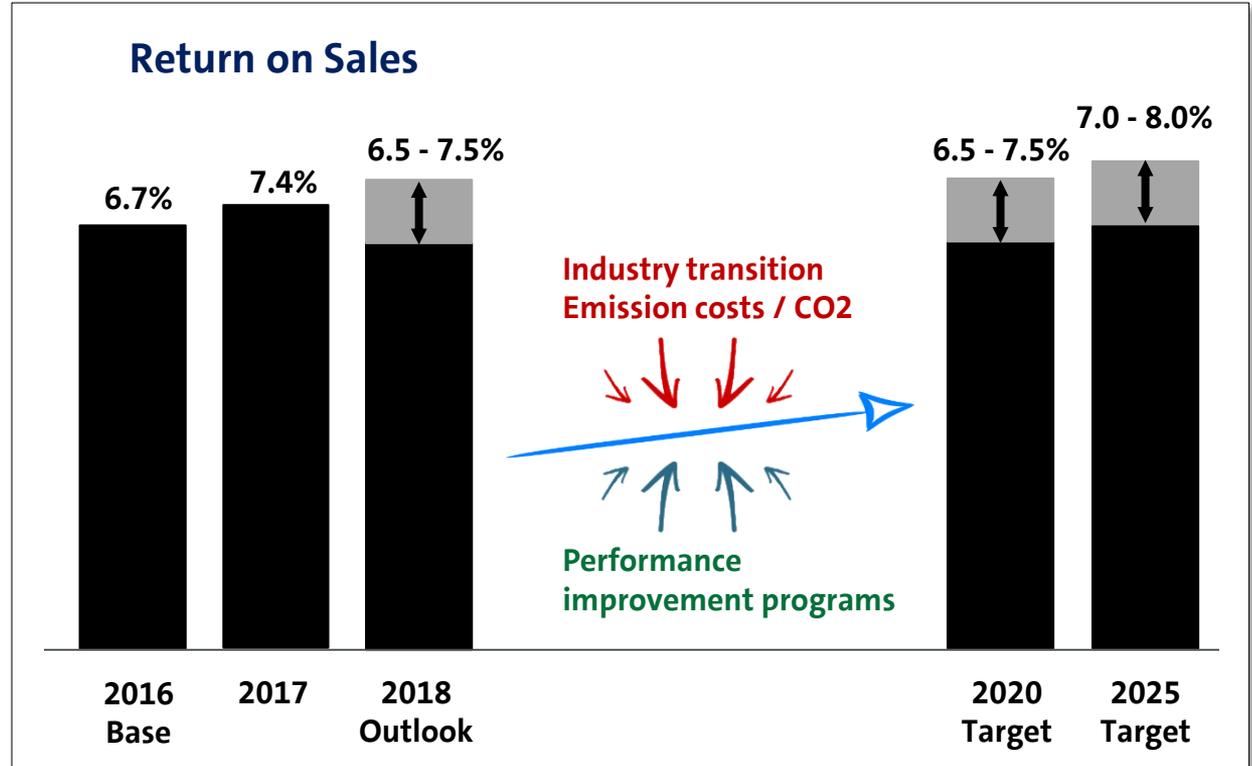


# The Future Sales Model

Retail partnerships ready for the future – Customer is central to all touch-points



# Improving Group Return on Sales despite significant headwinds



## Delivering Strategy Together 2025

**Strategy:** Remains unchanged

**Outcome PR 67:** Increased Headwinds fully compensated by improved Operational Performance!

**KPI's:** Still fully on track for Targets in 2020 and 2025!



**We are still on track!**

## Group KPI's confirmed

Key financial targets	2016 Actual	2017 Actual	2018 Outlook	2020 Targets	2025 Targets
<b>Operating return on sales</b> Before Special Items	6.7%	7.4%	6.5-7.5%	6.5-7.5%	7-8%
<b>Return on investment</b> Automotive Division <u>before</u> Special Items	13.9%	14.4%	12-14%	13-15%	> 15%
<b>Capex ratio</b> Automotive Division	6.9%	6.4%	6.5-7%	6%	6%
<b>R&amp;D cost ratio</b> Automotive Division	7.3%	6.7%	6.5-7%	6%	6%
<b>Cash</b>					
Automotive Division					
a) Net Cashflow <sup>2)</sup>	€ 7.2 bn	€ 10.1bn	≥ € 9 bn	≥ € 10 bn	> € 10 bn
b) Net Liquidity	€ 27.2 bn	€ 22.4 bn	> € 20 bn	> € 20 bn <sup>3)</sup>	~10% of Group turnover

<sup>1)</sup> As of 1<sup>st</sup> August, 2018. <sup>2)</sup> Ex diesel payments; cash outflows of around € 3 bn in 2016, € 16.1 bn in 2017 and € 3.3 bn in Q1-Q3 2018. <sup>3)</sup> Including the negative IFRS 16 impact, effective from 1st January 2019.

## Better Earnings Quality & EPS growth

	Basis: Result 2016	2020 Updated		
		CMD March 2017	PR 66	PR 67
Sales revenue (€ bn)	217.3	+ > 20 % 	+ > 25 % 	+ > 25 %
Operating profit (€ bn) before Special Items	14.6	+ 25 % 	+ ≥ 25 % 	+ > 30 %
Profit before tax (€ bn)	14.8	+ ≥ 25 % 	+ ≥ 30 % 	+ ≥ 40 %
Earnings per Pref. Share	10.3 €	+ ≥ 25 % 	+ > 25 € 	+ ≥ 30 €

## Brand Targets (RoS, RoE) confirmed

Return on Sales in % <sup>1)</sup>	<u>2016</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Group	6.7	7.4	6.5-7.5	6.5-7.5	7.0-8.0
Volkswagen Brand	1.8	4.1	4-5	4-5	≥6
Audi	8.2	8.4	8-10	8-10	8-10
Porsche Automotive	17.4	18.5	>15	>15	>15
ŠKODA	8.7	9.7	8-9	6-7	≥7
Volkswagen Commercial Vehicles	4.1	7.2	5-6	4-5	>6
TRATON <sup>2)</sup>	<u>2016</u>	<u>2017</u>	<u>Target 2018</u>		
• Scania	9.5			Over the cycle target of 9% <sup>3)</sup>	
• MAN Commercial Vehicles	2.3	6.9	6-7		
Return on Equity (norm. 8%)	<u>2016</u>	<u>2017</u>	<u>Target 2018</u>	<u>2020</u>	<u>2025</u>
Volkswagen Financial Services	15.6%	15.8%	14-16%	14-16%	20%

<sup>1)</sup> Before special items. <sup>2)</sup> For peer-group analysis: Truck & Bus Business RoS is calculated as the sum of Scania and MAN Commercial Vehicles. <sup>3)</sup> Strategic target the Truck and Bus Business wants to achieve over the cycle

# Tasks and Counter-Measures



Tasks	Counter-measures
	<p>Push efficiency programs, discipline vs. securing the future</p>
	<p>Stick rigorously to cash generation targets</p>
	<p>Reach CO2 requirements Timely launches, attractive products and pricing strategies</p>
	<p>Delete certain derivatives and engine combustion combinations</p>
	<p>Prioritisation of projects, platform discipline and multi-brand factories</p>

**VOLKSWAGEN**

AKTIENGESELLSCHAFT

---

Shaping the  
transformation  
together.